

Message Text

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43

ACTION EB-03

INFO OCT-01 SS-14 ISO-00 NEA-07 L-01 NSC-05 NSCE-00 INR-05

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R 210755Z MAY 75

FM AMEMBASSY DOHA

TO SECSTATE WASHDC 0474

INFO AMEMBASSY JIDDA

AMEMBASSY TEHRAN

C O N F I D E N T I A L DOHA 0598

LIMDIS

E.O. 11652: GDS

TAGS: ENRG, BEXP, QA

SUBJ: GLOBAL MARINE INTEREST IN QATAR LNG PROJECT

1. BEGIN LIMITED OFFICIAL USE. GLOBAL MARINE DEVELOPMENT REP CALLED AT EMBASSY MAY 19 TO DISCUSS FIRM'S INTEREST IN PROPOSED LNG PROJECT HERE. PROJECT IS RESPONSIBILITY OF QATAR GAS COMPANY, A JOINT VENTURE BETWEEN GOQ (70 PERCENT) AND SHELL (30 PERCENT), AND FEASIBILITY STUDY CONDUCTED BY SHELL IN PROGRESS. FEEDSTOCK FOR PLANT WOULD COME FROM NON-ASSOCIATED GAS FIELD IN SHELL OFFSHORE CONCESSION. GLOBAL REP IS ATTEMPTING TO INTEREST GOQ IN FLOATING LNG FACILITY DEVELOPED BY GLOBAL AND HONOLULU BASED FIRM ALFRED A. YEE AND ASSOCIATES. ACCORDING REP, CONCRETE HULLED VESSEL COULD PROCESS 250,000,000 CUBIC FEET OF GAS AT TOTAL COST OF AROUND \$200 MILLION, SAME PRICE AS 10 MILE SUBMARINE PIPELINE FOR CONVENTIONAL ONSHORE OPERATION. HE ESTIMATED OVERALL COST OF ONSHORE PROJECT WOULD BE MORE THAN \$1 BILLION.

2. GLOBAL REP SAID HE HAD MET WITH GOQ OFFICIAL CONCERNED WITH PROJECT, AND THAT LATTER HAD EXPRESSED INTEREST IN PROPOSAL ALTHOUGH HE POINTED OUT THAT HE DID NOT HAVE SUFFICIENT TECHNICAL KNOWLEDGE TO MAKE COMPLETE EVALUATION. OFFICIAL NOTED THAT HE WAS VISITING LONDON FOR TALKS WITH SHELL OFFICIALS RE
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PROJECT AND SUGGESTED GLOBAL REP COME TO LONDON AND MAKE

PRESENTATION TO SHELL WHICH HE WOULD ATTEND. GLOBAL REP AGREED.

3. GLOBAL REP SAID THAT NATIONAL IRANIAN GAS COMPANY (NIGC) CONSIDERING GLOBAL PROPOSAL FOR LNG FACILITY TO PROCESS GAS FROM FIELDS NEAR KANGANHWND THAT DECISION EXPECTED SHORTLY. REP SAID THAT IF DEAL CLINCHED IN IRAN, IT WILL GIVE MAJOR BOOST TO SALES EFFORTS IN AREA.

4. REP NOTED THAT GLOBAL OFFSHORE FLOATING LNG PLANT WOULD HAVE NUMBER OF MAJOR ADVANTAGES FOR GOQ COMPARED TO CONVENTIONAL FACILITY. FIRST, COST WOULD BE ONLY HALF AS MUCH AS THAT OF ONSHORE FACILITY OF SAME CAPACITY, AND REP SAID THAT GOQ OFFICIAL INDICATED TO HIM THAT GOVERNMENT WAS CONCERNED OVER EXTREMELY HIGH COST. SECOND, FLOATING PLANT COULD BE COMPLETED ALMOST TWO YEARS BEFORE CONVENTIONAL TYPE, PROVIDING REVENUES FROM GAS THAT MUCH SOONER. THIRD, PLANT WILL BE CONSTRUCTED AND TESTED IN US, ELIMINATING NECESSITY OF IMPORTING LARGE FOREIGN LABOR FORCE AND GUARANTEEING THAT PLANT FUNCTIONS PROPERLY BEFORE GOQ TAKES DELIVERY. END LIMITED OFFICIAL USE

5. BEGIN CONFIDENTIAL/LIMDIS. COMMENT: IT APPEARS TO US, FROM OUR TOTALLY NON-TECHNICAL VIEWPOINT, THAT GLOBAL IDEA DOES HAVE CERTAIN MAJOR ADVANTAGES, NOTABLY PRICE AND TIME. HOWEVER, THERE ARE SEVERAL FACTORS THAT MAY WORK AGAINST COMPANY HERE. PLANT REPRESENTS NEW TECHNOLOGICAL DEPARTURE AND IS UNTESTED IN COMMERCIAL OPERATION. QATARIS, DESPITE REPEATED ASSERTIONS TO CONTRARY, TEND TO CHOOSE TRIED AND TRUE SYSTEMS RATHER THAN NEW IDEAS, WHATEVER THEIR APPARENT BENEFITS. OF PERHAPS GREATER IMPORTANCE IS FACT THAT GLOBAL MARINE WAS BUILDER AND OPERATOR OF "GLOMAR", SHIP INVOLVED IN RETRIEVAL OF SOVIET SUB. ALTHOUGH GLOBAL MARINE ITSELF NOT ADVERTISING ITS CONNECTION WITH GLOMAR PROJECT, SOMEONE WILL EVENTUALLY POINT THIS OUT TO GOQ, AND DESPITE FACTS IN CASE, IT QUITE POSSIBLE THAT GOVERNMENT WILL MAKE CONNECTION BETWEEN COMPANY AND INTELLIGENCE WORK THAT WOULD IN OUR VIEW UNFORTUNATELY SEVERELY DIMINISH CHANCES OF FIRM SECURING CONTRACT.

6. FOR TEHRAN: PLEASE ADVISE US ON OUTCOME OF GLOBAL PROPOSAL TO NIGC.

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